



August 5, 2005

Memorandum

To: Members of the Board

From: Eileen W. Parlow, Assistant Director

Through: Wendy M. Comes, Executive Director

Subject: **Public Hearing, *Accounting for Fiduciary Activities (Tab A)***

NOTE: The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

Meeting Objective:

To hear public comments on the Exposure Draft, *Accounting for Fiduciary Activities*

As of August 5, 2005, the following organizations plan to speak at the public hearing: the Department of Defense, the Department of the Interior, and the Financial Management Standards Board of the Association of Government Accountants.

In addition, the Greater Washington Society of CPAs (GWSCPA) has provided written comments, although they do not plan to speak at the public hearing. The comments from the GWSCPA, attached, may suggest questions that the Board may wish to discuss with speakers at the public hearing.

Attachments:

Written comments from:

- Greater Washington Society of CPAs
- Department of the Interior

Biographies of speakers, received as of August 5, 2005:

- Zack Gaddy, Director, Defense Finance and Accounting Service

- Anna Miller, Technical Manager, Association of Government Accountants
- Bert T. Edwards, Office of Historical Trust Accounting, Dept. of the Interior
- Deb Carey, Department of the Interior

Exposure Draft, *Accounting for Fiduciary Activities*



Greater Washington Society of CPAs and GWSCPA Educational Foundation

1828 L Street, NW, Suite 900, Washington, DC 20036

202-204-8014 (v) 202-204-8015 (f) www.gwscpa.org info@gwscpa.org

August 3, 2005

Wendy Comes, Executive Director
Federal Accounting Standards Advisory Board
Mail Stop 6K17V
441 G Street, NW – Suite 6814
Washington, DC 20548

Dear Ms. Comes:

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Board's (FASAB) Revised Exposure Draft *Accounting for Fiduciary Activities*, dated June 27, 2005.

FISC consists of 18 GWSCPA members who are active in accounting and auditing in the Federal sector. This comment letter represents the consensus comments of our members.

General Observation

FISC congratulates FASAB for clarifications and improvements in the Revised ED.

Responses to Request for Comments – Page 6 of Revised ED

1. Do you agree that the definition in paragraph 10 covers all potential fiduciary activity in which Federal entities engage? If not, please provide specific examples.

FISC believes that the definition in Paragraph 10 may open the way for clearly non-fiduciary activities to be accounted for outside the entity, e.g., outstanding checks, contractor bid deposits, "good faith" deposits or bonds from prospective buyers of Federal government property, etc. Further, there are many circumstances where the Federal government collects revenues, e.g., excise taxes, that are later distributed under a formula to state or local governments; an example is oil and gas royalties collected by the Department of the Interior (Interior) and later distributed to states. Paragraphs 11 through 13 should be expanded to cover such examples. FISC understands that a principal purpose of the Revised ED is to limit fiduciary activities, not to inadvertently expand them.

2. Do you agree that the description of payroll withholdings and garnishments is adequate? If not, please provide specific examples of activities that might or might not be classified as "payroll withholdings" or "garnishments."

Yes. However, FISC suggests that FASAB clarify the reason that payroll withholdings and garnishments are excluded. Presumably, the exclusions are that non-Federal individuals and entities have no ownership interest in such items until they are paid by the Federal entity and, thus, are essentially the same as any other entity liability, e.g., vendor payables, accrued payroll, etc.

3. Do you agree that payroll withholdings and garnishments should be excluded from the fiduciary reporting requirements? (See "Exclusions," paragraph 13, and Basis for Conclusions, paragraph 46.) If not, please explain why you disagree.

Yes. However, paragraph 46 should be expanded to encompass comments in Questions 1 and 2 above.

4. Do you agree that unearned revenue should be excluded from the fiduciary reporting requirements? (See "Exclusions," paragraph 13 and Basis for Conclusions, paragraphs 46.)

Yes.

5. Do you agree with the financial reporting treatment of fiduciary assets and liabilities, and the inflows and outflows of fiduciary activities? (See paragraphs 14 and 15-21 for the standard regarding Federal component entities; and see paragraphs 14 and 22-27 for the standard regarding the Financial Report of the United States Government.) (See paragraphs 35-58 in the Basis for Conclusions for the rationale.)

Yes, with respect to a Federal component entity. With respect to the Financial Report of the USG (FRUSG), because each Federal component entity will have a different materiality standard, the larger Federal component entities (DOD, SSA, HHS, etc.) may not report fiduciary activities that are material to and would be reported by smaller Federal component entities.

One of our members agrees with the Alternative proposed by the one board member who disagrees with the proposal to report fiduciary activities in a footnote to an agency's financial statements. That member believes that fiduciary activities should be reported in a financial statement subject to full audit scrutiny. However, rather than create another stand alone financial statement, FASAB should consider combining the Statement of Custodial Activity to include fiduciary activity. It could be called the Statement of Custodial and Fiduciary Activity. The format could be designed to separate the custodial activity from the fiduciary activity. The format presented for the Increase in Net Assets for the alternative Schedule of Fiduciary Activity is very similar to the format for the Statement of Custodial Activity. If this approach were taken, asset and liability accounts would remain on the face of the balance sheet (identified appropriately).

6. Do you agree with the requirement in paragraph 17 that, with respect to certain financial information required in paragraph 16, there should be separate reporting for individual fiduciary activities and total fiduciary activity? If you do not agree, what display would you recommend?

Yes. However, FISC believes that, when more than one Federal component entity is responsible for a fiduciary activity, each reporting Federal component entity should disclose the other entities that are partially responsible. This will minimize, for example, reporting of a 50% "interest" by one entity and no reporting by the other entity's "interest" on materiality standards as mentioned in Question 5 above.

7. Do you agree that component entities with immaterial amounts of fiduciary net assets should be aggregated in the list of component entities in the fiduciary note disclosure of the Financial Report of the U. S. Government?

Yes. However, if this requirement is effectively applied to the FRUSG, supplemental reporting will be necessary to aggregate non-reported fiduciary activities at the USG level.

8. This proposed standard rescinds the "dedicated collections" provisions of SFFAS 7 (See paragraph 32 of the Exposure Draft). Do you agree that this proposed standard, together with SFFAS 27, *Identifying and Reporting Earmarked Funds*, addresses all activities formerly classified as "dedicated collections"? If not, please provide specific examples.

Yes.

9. Do you agree that the implementation date (periods beginning after September 30, 2006) is appropriate?

Yes.

10. One board member disagrees with the proposal to report fiduciary activities in a footnote to an agency's financial statements. The member believes that fiduciary activities should be reported in a standalone financial statement subject to full audit scrutiny. Do you agree with his view that a principal financial statement is needed to enhance visibility and audit scrutiny over fiduciary activities? (See Alternative View, page 23.)

FISC agrees that footnote reporting is appropriate. However, three significant fiduciary activities – The Thrift Savings Plan (which has not heretofore been reported in the FRUSG), and the two Interior-administered Indian Trust Funds (which heretofore have been reported in the PAR of Interior and in the FRUSG) are audited by independent auditors and their financial reports are available to the public, particularly the beneficiaries. FISC believes that, if a fiduciary activity is material to the Federal component unit, footnote disclosure is appropriate; FISC recommends that, as in the state and local government environment, disclosure should include how a reader of an

entity's PAR and the Financial Report of the USG can obtain such financial reports. A reader of an entity's PAR or the FRUSG, principally interested in the fiduciary activity, should be able to obtain such financial reports via this disclosure, which is not encompassed in the Revised ED.

One member agrees with this alternative approach. However, rather than a stand alone financial statement, fiduciary activities should be included with the Statement of Custodial Activity (as a separate section). See response to question 5 above.

11. One board member disagrees with the proposed reporting requirements for the Financial Report of the U.S. Government (FR). That member believes that differences in reporting between the FR and component Federal entities should be limited to unique or unusual reporting issues. Do you agree with his view that fiduciary activity reporting requirements for the FR should be consistent with requirements for the component entities? (See Alternative View, page 26.)

No. FISC understands that the nature of each fiduciary activity of a Federal component unit is unique. Thus, at the Federal component entity level, the disclosure may well be more detailed than the summarized information in the FRUSG. For example, a major international public company may summarize the numerous pension plans of its subsidiaries, while the separate report of one of the subsidiaries may well have more disclosure for the particular plan(s) of the subsidiary than the consolidated financial report has for all of the plans. To have exact duplication of the myriad disclosures of each of the Federal component entities could well expand fiduciary activity disclosures to exceed all other financial disclosures in the FRUSG. This will also impact the guidance in Paragraph 20.

Additional Specific Comments

- **Effective Date** (Paragraph 9) – FISC recommends that those Federal component entities that have been reporting their fiduciary activities essentially in accordance with the provisions of the ultimate standard in the Revised ED be permitted to continue to do so and the early adoption prohibition be altered to permit this. This also impacts Paragraphs 35 and 55.

- **Characteristics** (Paragraph 11) – FISC recommends that this paragraph be expanded to specifically distinguish fiduciary activities from earmarked funds. FISC does not believe that earmarked funds are fiduciary activities.

- **Reporting Fiduciary Activities** (Paragraph 16d) – Since non-valued seized property generally is held until legal action related thereto is concluded and the assets returned to the owner (property seized in error) or destroyed (e.g., illegal drugs, non-taxed alcohol, or cigarettes, etc.), FISC believes that, except in unusual situations, disclosure of this information is not relevant. Accordingly, FISC suggests that the illustration on page 33 of the Revised ED on seized illegal drugs be eliminated from the illustration.

- **Effect on Current Standards** (Paragraph 29) – The last word in this paragraph should be “beneficiaries” vs. “beneficiary”.
- **Appendix A** (Paragraph 50) – In the last sentence, FISC suggests that this be expanded to “...made by such banks’ trust departments...”
- **Appendix B** (Glossary) – FISC suggests that Earmarked Funds and Non-Entity Funds be added to the glossary even though they are defined in other FASAB standards.
- **Appendix D** (Pro Forma Transactions) – FISC believes that this Appendix is not necessary since it is unlikely that it includes all such transactions which can be encountered by Federal component entities.

This comment letter was reviewed by the members of FISC, and represents the consensus views of our members.

Very truly yours,



Daniel L. Kovlak
FISC Chair

>>> <Debra_J_Carey@ios.doi.gov> 08/05/05 9:42 AM >>>

Wendy -

Please see Department of Interior comment letter below. A signed version will follow via fax.

Let me know if you need anything else

Debra Carey
202-208-5542
fax: 202-208-6940
debra_j_carey@ios.doi.gov

=====

Ms. Wendy M. Comes
Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Washington, D.C. 20548

Dear Ms. Comes:

Thank you for the opportunity to comment on the Federal Accounting Standards Board Exposure Draft, "Accounting for Fiduciary Activities."

The Department of the Interior concurs with the accounting treatment of significant Fiduciary activities, including the Thrift Savings Plan and Indian Trust Funds, as specified in the Exposure Draft. These activities share common and unique characteristics, including an absolute certainty of non-federal ownership, periodic statements to account holders, self balancing accounting records and periodic independent audit.

For activities which do not possess these characteristics, including other deposit fund activities and collections received as a by product of routine agency operations, we believe that recognition on the agency's balance sheet continues to be appropriate. Balance sheet recognition of an asset and liability for these collections would ensure an appropriate level of accounting control.

However, we believe that further discussion is needed regarding the treatment of uncollected revenues. Fiduciary Trust Accounts differ from checking and savings accounts in that the Fiduciary manager does not and can not commingle the funds, or use the account of one beneficiary to cover the account of another beneficiary. The only funds available to a beneficiary are those which have been collected and credited to the beneficiary's account. Accruing amounts not yet received would communicate inaccurate information to the beneficiary.

Please see the Enclosure for our response to the specific questions raised in the Exposure Draft. In addition, Interior will submit further technical comments on this document at a later date. Thank you again for the opportunity to comment on this document. Please contact Debra Carey on 202-208-5542 if you wish to discuss our comments further.

Sincerely,

Daniel L. Fletcher
Associate Director - Financial Statements and Systems
Office of Financial Management

Enclosure

Request for Comments

1. Do you agree that the definition in paragraph 10 covers all potential fiduciary activity in which Federal entities engage? If not, please provide specific examples.

We believe that the definition is in fact too broad, and sweeps in activity for which the reporting requirements of this standard would not be appropriate. For example, most deposit funds, escrow-type accounts related to oil and gas lease sales, and other miscellaneous activity would become fiduciary. Continued Balance Sheet recognition of these collections would ensure an appropriate level of accounting control.

2. Do you agree that the description of payroll withholdings and garnishments is adequate? If not, please provide specific examples of activities that might not be classified as "payroll withholdings" or "garnishments."

No. The exclusion of payroll withholdings and garnishments should apply to all short-term, pass-through activity, regardless of whether that activity is payroll related. See response to Question 3 below.

3. Do you agree that payroll withholdings and garnishments should be excluded from the fiduciary reporting requirements? (See "Exclusions," paragraph 13, and Basis for Conclusions, paragraph 46.) If not, please explain why you disagree.

We concur that payroll withholdings and garnishments should be excluded from the Fiduciary Activity reporting requirements. However, we believe that this exclusion is conceptually based, and should not be presented as an exception. In other words, the definition of "fiduciary" should be such that this type of short-term, pass-through activity is excluded from the fiduciary concept regardless of whether the activity is payroll related.

For example, in the course of collecting Federal revenues, a DOI bureau may collect small amounts of money which belong to state or local governments. These collections are a byproduct of Federal collection activity and are not distinguishable from Federal dollars at the time of collection. Since these transactions occur in the normal course of business as a by-product of Federal revenue collection activities, the funds are held for the shortest amount of time possible. Interior does not prepare statements of account for this activity. These amounts should be recognized as an asset and liability until the funds are disbursed to the owners. Any attempt to remove these amounts from the balance sheet or physically separate the assets would require an extraordinary amount of accounting effort while reducing general ledger control over the activity. Conceptually, this activity is nearly identical to payroll withholdings. The same treatment would be appropriate.

4. Do you agree that unearned revenue should be excluded from the fiduciary reporting requirements? (See "Exclusions," paragraph 13 and Basis for Conclusions, paragraph 46.)

We concur that unearned revenue should be excluded from the fiduciary reporting requirements. As with payroll withholdings above, we believe that this exclusion is conceptually based and should not be regarded as an exception.

5. Do you agree with the financial reporting treatment of fiduciary assets and liabilities, and the inflows and outflows of fiduciary activities? See paragraphs 14 and 15-21 for the standard regarding Federal component

entities; and see paragraphs 14 and 22-27 for the standard regarding the Financial Report of the United States Government. See paragraphs 36-58 in the Basis for Conclusions for the rationale.

While we agree with the note disclosure requirement, we do not agree with the basis of accounting required in presenting the information. The financial treatment of fiduciary assets and liabilities should correspond to the generally accepted accounting principles applied to investment accounts managed by private sector firms. Specifically, revenues earned by investors are not credited to an individual's account until that revenue is received by the investment management company, particularly when the amount of such revenue is variable, e.g. mineral royalties or timber cutting fees.

The information in the Note should be as clear as possible to the reader. If receivables and payables for Trust activity are included in the Schedule of Fiduciary Activity and the Schedule of Fiduciary Net Assets, readers, including beneficiaries of the Trust, may be misled into believing that they have more assets at their disposal than is actually available for disbursement. For example, income earned on Trust land or other Trust assets cannot be accumulated into a beneficiary's Trust account or disbursed until constructively received and collectibility is assured. The Trustee can not and does not maintain a cash balance to support this disbursement, as use of assets of one beneficiary to cover the account of another beneficiary would be a breach of the fiduciary responsibility.

In addition, we do not believe that "Net Assets" is an appropriate bottom line for this disclosure. Rather, the disclosure should be made in the balance sheet format, with a presentation of Total Assets and Total Trust Fund Balances, accompanied by a flow statement presenting Changes in Trust Fund Balances. See the Indian Trust Fund example attached.

We do not agree that Fund Balance with Treasury, or any other asset account, should be broken out to separately report deposit fund balances or any other amount included in the Fiduciary Activity definition. The three true fiduciary activities, the Thrift Savings Plan and the Individual and Tribal Indian Trust Funds, currently maintain independent, self-balancing sets of accounts. Many of the assets associated with deposit-fund-type activities included in the Fiduciary definition are properly combined with Federal assets in the normal course of business. The amounts due to non-Federal parties are identified by appropriate liability accounts. Attempting to differentiate the underlying asset balances between fiduciary and non-fiduciary is inappropriate and serves no useful purpose.

6. Do you agree with the requirement in paragraph 17 that, with respect to certain financial information required in paragraph 16, there should be separate reporting for individual fiduciary activities and total fiduciary activity? If you do not agree, what display would you recommend?

No. A particular Fiduciary activity, such as Indian Trust, should be consolidated and reported in total by the component entity with the program responsibility. Piecemeal reporting by different reporting entities would be unclear and confusing.

7. Do you agree that component entities with immaterial amounts of fiduciary net assets should be aggregated in the list of component entities in the fiduciary note disclosure of the Financial Report of the U.S. Government?

No. We believe that with the revised approach discussed in response to Question 3 above, that immaterial amounts meeting the Fiduciary Activity definition would continue to be included on agency and Government-wide balance sheets.

8. This proposed standard rescinds the "dedicated collections" provisions of SFFAS 7 (see paragraph 32 of this Exposure Draft). Do you agree that

this proposed standard, together with SFFAS 27, Identifying and Reporting Earmarked Funds, addresses all activities formerly classified as "dedicated collections"? If not, please provide specific examples.

Yes. However, as noted above, we believe that the majority of these collections should remain as assets and liabilities on the balance sheet.

Also, the previous custodial activity guidance never clearly defined the term "custodial" and was unclear regarding whether a Federal agency could have custodial activity due to the public. Paragraph 52 of the Basis for Conclusions presents a definition of custodial that clearly indicates that custodial activity represents "amounts collected by one Federal component entity on behalf of another Federal component entity..." This definition should be brought into the text of an accounting standard.

Regarding the proposed changes to paragraphs 142 and 276 of SFFAS #7, it should be noted that in nearly all cases, the royalty collections distributed to state and local governments are federal funds distributed according to Congressional direction. These funds are Federal dollars from the sale of Federal resources. As a policy decision, the Federal government shares a portion of these receipts with state and local governments, however, the state and local governments have no underlying ownership interest in the collections.

9. Do you agree that the implementation date (periods beginning after September 30, 2006) is appropriate?

No. In the case of Indian Trust Funds, the principles of this standard are already in place. This treatment should be allowed to continue.

10. One board member disagrees with the proposal to report fiduciary activities in a footnote to an agency's financial statements. That member believes that fiduciary activities should be reported in a standalone financial statement subject to full audit scrutiny. Do you agree with his view that a principal financial statement is needed to enhance visibility and audit scrutiny over fiduciary activities? (See Alternative View, page 23.)

In theory, we do not believe that a stand-alone statement is necessary to enhance visibility or audit coverage. In most Federal audits, the footnotes are given the same level of audit scrutiny as the financial statements.

However, we agree with underlying concern addressed by this Alternative View. In our opinion, a self-balancing set of accounts, a complete set of financial statements and an accompanying independent audit are indicators of proper management of fiduciary activity. Thus, only activity subjected to full audit scrutiny would be treated as fiduciary. The Federal agency's financial report would present summarized information in footnote form of data audited elsewhere.

Any Federal receipts or balances which are not a result of a documented fiduciary arrangement and which are not accompanied by this level of accountability should remain on the balance sheet of the Federal agency, and should be reported as an asset and offsetting liability.

11. One board member disagrees with the proposed reporting requirements for the Financial Report of the U.S. Government (FR). That member believes that differences in reporting between the FR and component Federal entities should be limited to unique or unusual reporting issues. Do you agree with his view that fiduciary activity reporting requirements for the FR should be consistent with requirements for the component entities? (See Alternative View, page 26.)

We agree that the Government-wide reporting treatment should be consistent

with individual agency reporting. However, as stated above, the fiduciary activity definition should be significantly tightened.

Other Comments:

Regarding immaterial items, we believe that a preparer should be able to apply a standard as written to all activity, without regard to the dollar value of the activity. The boilerplate language "this does not apply to immaterial items" is appropriately included in all standards. However, we see this language as a last-case scenario, fail safe to prevent absurd application of the standard. As preparers, we intend to apply all standards in their entirety, without reference to materiality. Applying different accounting treatments to similar transactions when the only difference is the dollar amount of the transaction is problematic both conceptually and practically. If in any specific instance, the size of the transaction is a truly a determining factor in applying a standard, then we believe that this factor should be presented as an essential element of either the definition or the reporting requirements.

Paragraph 11

Fiduciary activities are not initiated by collections. Fiduciary activities are initiated by a legal trust document or other law or regulation governing the types of activities to be performed by the designated trustee. A fiduciary collection is merely one of many activities that may be performed under the trust agreement.

Paragraph 16, Part d:

This section is unclear as to how extensive the disclosure of non-valued Fiduciary Assets would be. Land held in trust is presented as an example, however, there are many other assets also held in trust, including oil and gas deposits, timber, and other resources in addition to land acreage. This requirement needs to be clarified to prevent overly detailed disclosures.

Conclusion:

There are at least two possible approaches to limiting the provisions of this standard to activities that meet a high standard for fiduciary management.

One approach would be to revise the fiduciary activity definition. The definition currently states that for fiduciary activity, non-Federal parties must have an ownership interest in cash or other assets held by the Federal entity and that the ownership interest must be enforceable against the Federal government. This definition could be expanded to state that evidence of a fiduciary relationship would include an absolute certainty of non-federal ownership, periodic statements to account holders, maintenance of self balancing accounting records for the fiduciary activity, and periodic independent audits.

An alternative approach would be to leave the current definition unchanged, and focus on the reporting requirements. Specifically, balance sheet recognition of an asset and offsetting liability would be required unless specific criteria are met. These criteria would include the same factors noted above: an absolute certainty of non-Federal ownership; periodic statements to account holders; maintenance of self balancing accounting records for the fiduciary activity; and periodic independent audits.

Note: Enclosure 2 consists of pages 207-210 of the Department of the Interior's FY 2004 Annual Report on Performance and Accountability, which is available on the Internet at <http://www.doi.gov/pfm/par2004/>

Zack E. Gaddy

Director, Defense Finance and Accounting Service



Zack E. Gaddy is Director, Defense Finance and Accounting Service (effective May 30, 2004).

In this capacity, he oversees the day-to-day accounting and finance activities of the Department of Defense. DFAS employs about 15,000 DoD civilian and military personnel at 26 locations throughout the United States, Europe and the Pacific. Each year, the agency disburses over \$416.1 billion by processing 5.9 million payments to military, civilians, retirees and annuitants; 12.3 million commercial invoices and 6.8 million travel vouchers and settlements. Responsible for 279 active DoD appropriations, DFAS is the trust fund manager for \$13 billion in foreign military sales and \$194.4 billion in retirement funds. Each year, it processes 121 million accounting transactions and handles accounts for worldwide operations and multidisciplined appropriations of DoD.

Prior to becoming DFAS director, Gaddy was the director for Accounting Services for the U.S. Air Force and selected unified commands and defense agencies. He was also the client executive responsible for delivery of all DFAS services and for evolution of these services to provide the best value possible by considering customer requirements, effectiveness of business practices and cost. He also served as the senior site representative, Defense Finance and Accounting Service Denver, responsible for providing assistance and guidance to a network of approximately 3,900 employees.

From Aug. 11 to Oct. 1, 2000, he was the director of DFAS Denver. From Feb. 1 until Aug. 11, 2000, he was the deputy director for the DFAS Denver Center and Special Assistant for U.S. Transportation Command and Accounting at the Denver Center.

Prior to Feb. 1, 2000, he was the deputy director for Policy and Systems, Directorate for Accounting, DFAS Arlington. His responsibilities included the management and oversight of all DOD accounting operations, the development of procedures to implement accounting standards and policies, and the preparation and review of accounting and financial reports.

Before his appointment as assistant deputy director, Gaddy served as the director for Departmental Accounting at the Denver Center. His responsibilities included managing and overseeing all departmental reporting for the U.S. Air Force's general and working capital funds. He implemented DOD financial reporting policies, reviewed and analyzed the U.S. Air Force's financial reports and implemented the Chief Financial Officers Act.

Prior to joining DFAS in Jan. 1991, Gaddy was the assistant for Fiscal Control, Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller). He directed departmental policy for funds distribution and analysis. Gaddy was also responsible for oversight, assessment, and corrective actions for problems and deficiencies identified within the Department of the Air Force's fiscal operations.

Prior to his selection as assistant for Funds Control, Gaddy worked as a program manager with the Air Force Audit Agency. His special areas of responsibility included evaluating and recommending corrective actions for the Air Force's financial management functions for the general, stock, and industrial funds.

Gaddy is a graduate of Old Dominion University and has a master's degree from Boston University. He is a certified public accountant and certified government financial manager.

Anna D. Miller
Association of Government Accountants

Anna. D. Gowans Miller is Director of Research and Technical Manager at the Association of Government Accountants (AGA), with dual responsibilities: directing AGA research programs to improve government financial and performance management, and staffing the Financial Management Standards Board and the International Development Committee. She is a Certified Public Accountant (CPA), licensed to practice in Texas and the District of Columbia. She first worked with Touche Ross (now Deloitte & Touche), in Houston Texas where she was the senior in-charge auditor of the first Single Audit of the City of Houston. She taught accounting at the University of Houston, where she gained a Masters in Business Administration. She was a senior auditor for the Corporation for Public Broadcasting and then Technical Manager at the American Institute of Certified Public Accountants (AICPA) in Washington, DC. There she staffed the AICPA Government Accounting and Auditing and Members in Government Committees, and the Performance Auditing Task Force. She helped develop AICPA guidance on accounting and auditing for federal, state, and local governmental entities.

From 1995 to 1997 she was the professional staff member responsible for CFO Act and GPRA issues on the Government Management, Information, and Technology Subcommittee of the Committee on Government Reform and Oversight in the House of Representatives. She was the staff person responsible for directing into legislation the Federal Financial Management Improvement Act of 1996 and the Single Audit Act Amendments of 1996. She advised various Executive Branch agencies on how to improve their strategic plans as part of their GPRA implementation. From 1997 to 2004, as an independent contractor, she verified, validated and certified results of Quality Management implementation in organizations of the Department of Defense (DoD) for the Office of the Secretary of Defense/Quality Management Office. She evaluated initiatives undertaken by Department of the Army, Navy, including Marine Corps, Air Force, Special Operations Command, Joint Commands, and Defense Agency units throughout the world, including applicants for the President's Quality Award.

Bert T. Edwards
Executive Director, Office of Historical Trust Accounting
U.S. Department of the Interior

In July 2001, Mr. Edwards joined the Office of the Secretary of the Department of the Interior to develop and implement a plan to provide a historical accounting to an estimated 285,000 individual Indian trust accountholders and 1,400 Tribal accounts. As of September 30, 2004, these accounts held \$397 million and \$3.0 billion, respectively. Some accounts date from the late 1800s. The historical accounting was mandated by a 1996 ruling of the U. S. District Court for the District of Columbia.

During October 1998 through January 2001, Mr. Edwards served as Chief Financial Officer of the U. S. Department of State. As CFO, an Assistant Secretary level position, Mr. Edwards oversaw financial, accounting and budgeting operations relating to domestic and overseas operations for State's 260 embassies and consulates in 130 countries. His Resource Management Bureau paid overseas costs for over 35 other Federal government agencies aggregating over \$4 billion annually, including 26,000 foreign nationals working overseas for State and other U.S. agencies. The RM Bureau's 750 employees include 100 each located at regional financial centers in Paris, Bangkok and Charleston, SC, covering Europe/Africa, Asia and the Americas, respectively. The RM Bureau administers the Foreign Service Retirement Plan, which has 13,000 retirees, and a cooperative service activity at overseas posts, expending \$700 million annually for local service costs, which are billed to user U.S. agencies at the diplomatic facilities. Mr. Edwards was an audit partner in the Andersen LLP, Washington, DC, office for 24 years prior to his January 1994 retirement. He was Andersen's Industry Head for Nonprofit and Higher Education Organizations, and had responsibility for Andersen's Federal, state and local governmental accounting and auditing practice. He has been involved in numerous public sector projects.

He received a BA from Wesleyan University in 1959 and an MBA from Stanford University in 1961. He is a CPA in the District of Columbia. He had 33 years of experience with Andersen LLP prior to his 1994 retirement. Active in various professional and civic organizations, he serves on the boards of Population Reference Bureau (demographic research), Boys & Girls Clubs of Greater Washington Foundation, Greater Washington Society of CPAs, Children's Hospital National Medical Center Research Institute, Historical Society of Washington/City Museum, and D.C. Appleseed Center (financial and policy issues). During 1999-2002, he served as Chair of the Board of External Auditors of the Organization of American States. In October 2004, he was appointed an initial member and in December 2004 elected Chair of the U.S. Department of the Air Force's Audit Committee.

Biography Of Debra J. Carey

Debra J. Carey is the Focus Leader for Data Stewardship in the Office of Financial Management at the US Department of the Interior.

Ms. Carey joined the Department of the Interior in 1992, and is responsible for Interior's financial reporting policy. Ms. Carey has been actively involved in FASAB activities since 1992, providing staff support to a former Board member and serving on numerous task forces.

Ms. Carey graduated summa cum laude from Baylor University with a degree in accounting. Prior to joining Interior, Ms. Carey previously worked for a major accounting firm and in the corporate office of a New York Stock Exchange corporation.

Note: the Exposure Draft, *Accounting for Fiduciary Activities*, is available on the Internet at <http://www.fasab.gov/exposure.html>